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ABSTRACT

In a controlled experiment, the IIEP attempted to develop efficient teaching materials in the field of educational planning. Informal instructional materials were compiled from the tape recordings, transcriptions, and summary notes of seminars, lectures, and discussions conducted by the IIEP in its training and research program. This instructional unit surveys the results of a decade of unsuccessful attempts by industrialized countries to bring underdeveloped nations to higher standards of living through assistance programs. Related documents are EA 003 931-940 and EA 003 942. (RA)

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No. 54 PLANNING FOR THE SECOND DEVELOPMENT DECADE

by Thomas Balogh

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PLANNING FOR THE SECOND DEVELOPMENT DECADE

by

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based on a Lecture given at the IIEP
on Tuesday, 20 October 1970

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It is a great pleasure to return here not only because of the delightful geographical situation of the Institute in Paris, but also because of the sort of hard hitting discussion which we have here and which one doesn't get elsewhere quite so often.

An analysis of the aims and means, the shape and pattern of the Second Development Decade must be based firstly on the main Report by Professor Tinbergen and his planning unit to the U.N. In addition, there is also the Report of the so-called Pearson Committee - Partners in Development - which was appointed by Mr. Woods and which reported to Mr. McNamara. There is also Mr. McNamara's speech to the Governors of the Bank in September 1969 and to the Notre-Dame University on the population explosion which, I must say, he was very courageous in facing. He has been the first of the great chiefs of the United Nations family who has spoken out firmly and clearly about that topic.

The very conception of, and need for, a Second Development Decade is, in a way, in itself a confession of failure. The Development Decade, without the qualifying word 'first' was actually to enable the countries of the Third World what was very unscientifically called to 'take off', that is to put them on a self-sustaining path of development which in the end would diminish and finally altogether eliminate the grave and increasing difference in the material standard of life (I deliberately do not use the word 'satisfaction' or 'welfare'). The people who coined the phrase did not for a moment contemplate that given aid and goodwill this aim could not be reached or sustained. They - good Americans as they mostly were - could not imagine that an American aeroplane might not take off at all or having taken off may crash. Therefore, in their minds there was a concept of the sort of continuous process of development which the U.S. had achieved, reaching through individual effort a common social or collective goal. They ignored that the U.S.A. in the XIX Century was in a very special position which was only paralleled by Australia and Canada.

They equally ignored that the rise of the fully industrialised communities, and their erstwhile dominance over the rest of the world created a new situation, not comparable to the position of the U.S. after the Civil War. It had deep consequences on the social and economic structure and capacity for such development of the less fortunate areas. In addition the clash of cultures had destroyed or damaged by weakening the old traditional framework without in many cases succeeding to impact the impetus for a sustained development of the community.

This neglect shows itself in the tendency to apply to the problem of development of totally different societies which differ among themselves equally widely, experience and even quantitative relationships between certain factors and forces. Capital output ratios, distribution of manpower and the

like, derived from the historical experience of one country cannot be applied to others without searching sociological analysis. This approach puts the main emphasis on economic factors because, superficially they are quantifiable. The availability or scarcity of productive agents, is investigated, as is their relation to one another, and so on. Yet, as the Latin American scene shows, starting with similar endowments very different results will follow. The much neglected social and political framework is by far the most important determinant of development or its failure.

The U.S. example was not even paralleled in Latin America. The Latin American politico-economic structure and development as well as development capacity was weakened through the peculiar history of that Sub-Continent. Unlike America, the Latin Americans, with the exception of a few decades in Mexico, and for a shorter period Bolivia, had never benefited from a real anti-feudal revolution. That revolution in the U.S. broke the power of the land-owning aristocracy by confiscating their immense possessions and led on to the Homestead Acts. It was this that enabled the U.S. to settle down to a balanced development including the pioneering of mass-education even in the rural areas. The Latin American revolution, under Bolivar, was seemingly much like the American revolution against European autocratic domination. In fact it was the counter revolution of the feudal classes against the Crown which increasingly tried to protect the peasant who happened to be, in Latin America, Indian. Maybe not in its intent, but in its effect. the Latin American 'liberation' was much more like the Rhodesian affair. If Bolivar was unlike Mr. Smith, his followers at any rate were not very unlike Mr. Smith's followers. There was also, of course, in the United States of America, a most interesting and intuitively simple yet effective approach to the problem of education. The Americans of the XIX Century knew that their main occupation was agriculture; they did not neglect education in rural areas and agricultural research. This is a far cry from the European dominated areas who, faced with relatively similar problems, concentrated on a classical education for the elite, despising (and exploiting) the ignorant peasant masses. In the long run it was this educational effort combined with the free frontier which made all the difference and determined the shape and pattern of U.S. industrial development too.

The problems which face the Second Development Decade arise from the fact that the First Development Decade did not solve them: I was always very doubtful that it could possibly solve the problem because the process of development does not consist merely in increasing investment and hoping that foreign aid will close the 'investment' or 'savings-gap' as it is called(1).

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(1) Both calculated on the basis of simple 'Keynesian' aggregative relations which are assumed to be stable and (in the case of some authors) valid for all countries. In actual fact, most of these have turned out to be highly unstable and operationally worthless even in highly developed countries with relatively high mobility of, and substitutability between, productive factors. For the traditional rural sector they are wholly worthless.

Nor does it consist in foreign aid closing the 'foreign exchange gap', which theoretically is identical. Development is a much more complex problem and not primarily a technical-economic problem. It cannot be achieved quickly, because the causes of stunted growth lie in the historical development, and are deeply embedded in the social structure and political power relations.

The liberation from foreign rule itself often tends (as in Latin America but in a number of Afro-Asian countries too) to increase rather than free the body politic from these integumenta. Even where as in Algeria and Vietnam and to some extent in Burma, there had been a violent revolution and a displacement of a previous elite, the old traditions often and surprisingly soon reasserted themselves. Very often the liberation process resulted in an imitation by the new liberated local elite of the ways in which the expatriate administrators had behaved before. That shaped life in such a way which was not favourable to development processes. In addition the 'softness' of the State, corruption and nepotism represented a further obstacle. At the same time liberation increased expectations at all levels, the vast social and consumption capital superstructure was created. Without adequate productive substructure, the costly education and administration, introduced in an effort to imitate the countries abroad, which enjoy a much higher standard of living, this superstructure became a potent obstacle to the start of a self-supporting upward spiral. I had always been critical of plans (such as the Indian) which aimed at ending reliance on foreign aid. I regarded foreign aid as akin to a modified form of international income redistribution. I thought that ending it before a substantial equality of opportunity had been achieved morally was politically unjustifiable. On the other hand, I believed that projections - based on experience in, and due to radically different institutional structures and their functioning of the successful countries - methodologically unsound, misleading because far too optimistic. They were the outcome of the pathological drive for snobbish scientism and exact looking quantification. When these projections were blatantly disproven by events I was neither disappointed nor dismayed. Indeed, I must say that I thought that the developing countries in the 1960's, on the whole, did not do badly at all. If you look at figures, it is astonishing, for instance, to see how high a rate of growth they have attained; between 4.8 per cent and 5 per cent. It is, of course, very difficult, if not impossible to know what to make of such figures. The measurement and indeed the meaningfulness of national real income figures and even more of per capita real income figures in the case of most traditional areas are extremely doubtful and subject to wide errors. On the whole, however, the statistics on the rate of change are perhaps less fertile than absolute figures. I remember very well that, when Mr. E.F. Jackson set out to measure the Nigerian national income, one of the problems which had to be resolved was how to value the Cassava in the ground. If you value the increase in Cassava in the ground, then the national income was appreciably higher than if you disregarded it. Which is it to be? Should you regard the mammy's work as equivalent to retail output or not? These are very difficult problems conceptually and statistically.

In fact, 5 per cent per annum advance in GNP is quite high. A five per cent per annum rate of growth is a rate of increase which in England has not been achieved since the 1840's or 1850's; it is quite sizeable, and altogether encouraging. Now it is true that the increase in population has wiped out a large part of the country's advance in per capita terms. The greater numbers absorbed what could have been a very sizeable improvement for the individual if their numbers had not increased quite as fast. That was a problem which in the early 1960's only began to be dimly realized and the discussion of which was, for religious and related reasons, fiercely resisted. At the beginning of the 1960's it was difficult, if not impossible, to talk in U.N. circles about the population problem, because these partly religious and partly social attitudes precluded debate. With the population explosion becoming manifestly unmanageable and its consequences beginning to stare into everybody's face, discussion, even rational and dispassionate discussion, now seems tardy and tentatively begins to be possible. We might hope therefore that in due time - let us hope before some appalling catastrophe has befallen the least fortunate - something effective will be done about it.

My first conclusion is then that while the First Development Decade has not solved the basic problem, it was not unsuccessful. In fact, it enabled the maintenance of a respectable rate of overall expansion in the poor areas. No doubt most developed countries (though not Britain) made faster per capita progress; consequently international inequality increased. This is no doubt unfortunate mainly because it tends to exacerbate racial ill-feelings. The poor are, on the whole, non-white; the rich are, on the whole, white. But deploring the increase in inequality should not lead us to think that a deceleration of the progress in the rich countries (except if consciously willed - say to increase equality at home or to deal with pollution) would help the world by increasing equality. It might make the rich less able and in all probability even less willing to contribute to the development of the poor. Thus, if increased inequality is, at the same time, accompanied by intensified measures of redistribution, therefore giving hope to the 'Third World' for an eventual emergence from primeval absolute poverty, this would be preferable to universal stagnation, even if stagnation were to promote greater equality.

When exaggerated claims are disappointed, this gives rise to pessimism. In no field of economics (and economics is a field subject to violent changes in sentiment) has there been so sharp a variation of sentiment in the last few years (monetary policy not excepted) as in this field. The optimism of the early 1950's (mainly due to a favourable weather cycle, especially in Turkey and India) was by the 1960's followed by deep pessimism (partly also induced by the turned weather cycle and partly by the realization of the impact of the population explosion). Lately the wonder pill and the miracle seed produced yet another complete turn-round.

The establishment duly followed these movements. This is duly repeated by the Reports on the basis of which the United Nations and the International Bank are invited to formulate policies. The Tinbergen report and the whole philosophy of the Second Development Decade, as well as the Pearson report

have been, in a way, conceived in disappointment. They represented an effort to console the main 'donor' or 'contributory countries' and to prove to them that their efforts and 'sacrifices' had not been in vain. I have no doubt that this was politically essential. Foreign aid was going sour. Its violently nationalistic enemies especially in the U.S. and Great Britain but also in other countries were increasingly active(1). The partisans of foreign aid were on the defensive. They had hoped that much better results would be achieved in the First Development Decade. They wanted to find some explanation as to why such results had not been achieved without damaging their cause(2). I am not saying that I believe that the results they had in mind 'ought' to have been achieved; I cannot emphasize enough that the actual results were surprisingly good(3). On the other hand I do believe that it is a good thing that the Establishment has been forced to reassess the problems of development. My disappointment has been caused by the regrettable fact that, with one exception, the Reports which have come out of this great heart-searching have not accomplished this urgent, indeed vital, task(4). The distinctive feature of the reports that I have seen is that the one great advance that I hope for from the conventional disappointment with the First Development Decade - that is that people would think out the problems involved in development anew and reassess their policies - has not happened. That one exception is instanced in the report by Sir Robert Jackson and his staff, especially Miss Anstee. That report has aroused a great deal of hostile comment. Even the heads of the U.N. Development Programme have been incensed by it, though if it were implemented, it would, rightly, give them much greater power of co-ordination between the various and very numerous specialized agencies of the U.N. 'family' of institutions, each of which is dominated by its specialized technocracy. I think this was due to the unnecessarily, perhaps controversial tone of the document- but how could I, of all people complain about the controversial style of Sir Robert? It was also due to the fact that it did not pay sufficient tribute to the immense accomplishment of the U.N. Special Fund and Technical Assistance Programme which lifted multilateral aid to an altogether new level quantitatively and qualitatively. On this point even I would sharply dissent from the report. Yet it is one of the most courageous, one of the most revealing and one of the most valuable papers which has ever been produced in the U.N. 'family'. I very much recommend it for close study by all of you with the qualifications I mentioned.

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(1) And found some reputable sounding academics to back their case with sophisticated sophisms.

(2) Hence their hostility to G. Myrdal's seminal work on Asia which brings out - as it should - the sociological causes ('the soft state') in the social or political structure of the receiving countries which contributed to the disappointment (a feeling which I do not share).

(3) Certainly after liberation most 'new' countries showed a much 'better' performance as measured conventionally than under Colonial rule. As they lost a number of 'experienced experts', this is a confirmation of the inadequacy of policy-making by the Metropolitan Powers, or perhaps, their stupidity. I myself believe stupidity was more to blame.

(4) The documents prepared for the Copenhagen Conference on Rural Education in fact have completely accepted the case of the critics of 'classical' education.

Professor Tinbergen's report is addressed to the U.N. Economic and Social Committee, Mr. Pearson's to the Bank. They share the same approach. They are - and I hope I am not unfair - based on the belief that there is really nothing fundamentally wrong in the way aid has been managed. What we really need is 'much more of the same thing'. What is the justification of this fundamentally optimistic approach to the problem of development. In the case of Professor Tinbergen and his colleagues it was professional pride which boasts of being able to plan on the basis of a mechanical econometric model and thus to determine the future of a country, a continent and the whole world. Its rationale has been clearly spelt out by Mr. Tinbergen:

> 'In emphasizing the importance of capital formation, it is by no means implied that the stock of capital is the only factor, the only limiting factor affecting the rate of output. But, at the same time, it needs to be recognized that, given the serious limitation of data in developing countries, particularly such variables of employment and skills, the investment-output approach provides perhaps the only feasible means for assessing the implications of alternative targets of economic growth'.

I would have said, with due humility, to this first economic laureate of the Nobel Prize, that this is probably the inverse of the truth. In the first place measuring investment is by no means easy, especially in rural areas; and after all, up to 80 or 85 per cent of the population of African countries, up to 70 to 75 per cent of Asian countries and 50 per cent in Latin America live in rural areas and depend on agriculture. From a welfare point of view, from a political point of view, development planning which is not based on, or which at least does not pay paramount attention to, the primary producing sector is likely to lead to discontent or worse. The type of choice the Tinbergen approach offers to political leaders is misleading and disastrous. The econometrician grinds out his impressive, highly quantified and meaningless formulae, on the basis of mechanical, simple pseudo-Keynesian relationships. They are meaningless even from his own untenable viewpoint. Not only is the rural sector investment an elusive concept; not only are the relationships between rural investment and income generated of a fundamentally different character than those in highly industrialized integrated and monetized countries on the basis of which these relations have been formulated(1). (and even in the countries policies based on Tinbergenesque predictions have gone very sour indeed); but the unique relationship between investment and the consequential increase in income is so loose as to be useless, indeed worse, misleading(2).

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(1) cf. my book Economics of Poverty, Chapter I and D. Seers, 'The Limitations of Special Case', Bulletin of the Oxford University Institute of Statistics, pp. 77-98, 1963.

(2) In a report on 'Quantitative Models as an Aid Development Assistance Policy', (OECD Paris, 1967) plainly written by the econometric enthusiasts dominant on the Committee (including Prof. Tinbergen and Chenery) Jordan is solemnly or should one say, humourlessly mentioned as having a 1.36 incremental capital output ratio and winning the 'Oscar' of growth for it. Instead of printing this nonsense it would have been better to question the data in which such an 'evaluation' is based. But, then, one cannot in earnest say ($240). 'While availability of material creates problems (! my exclamation mark) the greater defects appear to be on the side of inadequate use of the economic studies which are in fact available'. Inscrutable are the ways of econometricians.

The incremental capital output ratio, for instance, varied between 1.36 and 10.67 in the case of twenty-nine developing countries investigated. The variation in size in any single country was also exceedingly high. Indeed, the whole development process aims at changing these relationships. To choose a 'model' in which coefficients are stable and relations linear and then produce 'alternative' schemes to policy-makers is a procedure which is bound to give wrong answers.

In addition, in practice there is the problem of measurement itself. How does Mr. Tinbergen succeed in measuring the investment rate of peasants. I have some experience of this matter both in Hungary and elsewhere. It is unlikely that a peasant would report an increase in his investment, the improvement on his land to the nearest statistical officer. He would be afraid that his taxes might increase. On the other hand the rural officers would hardly be able to recognize or value the work. There are moreover conceptual problems; does one value the investment at the rate of the peasants' money income or his subsistence income (and how is that to be valued?); or the wage and price levels appropriate to the urban sector which might be seven to ten times the cash proceeds in the traditional sector? Which is to be chosen? The answer is: you don't really know and therefore you reject it. The urban sector investments are valued, the roads and other infrastructure investment, the investment in factories, in housing and electricity, etc., which accounts for the monetized sector. And a plan is constructed which leaves out or throws over and neglects the rural sector.

Our difficulties do not end there. Even in urban investment there are immense complexities. Are investments in luxury apartments in Beirut to be called investment or should it more properly be classified as a kind of hoarding? That is the question. What do these new luxury flats produce? Are they not a hedge against a depreciation of the currency? Are they not a hedge against revolution in one or other of the Sheikdoms? Can they be treated as an investment in the sense in which we know it? What of investment, for instance, in the form of monetary hoards? Take savings which are deposited in Swiss banks' vaults? How do we count them? We know very well that over half Peru's capital formation before the last coup took shape outside the country. How do you deal with it statistically in your models?

Beyond statistics can one neglect the policy implications of foreign aid? Will the export of capital not increase under certain circumstances with the increase in foreign aid(1)? Can foreign aid, by supporting the dominance of classes and interests inimical to development, not lessen the chances of its success? All this is painful and I quite understand that Professor Tinbergen, instead of talking of the need for deep institutional change such as exchange control, tax or land-reform, prefers to talk about capital output ratios as solidly existing between certain quantified limits. This would suggest that these problems have been solved or are implicitly taken into account, when in fact they are not.

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(1) E.g. if the International Monetary Fund insists on convertibility as the first goal of policy. Even the mandatory control over capital while a country is borrowing from the M.F. has been relaxed (cf. my 'Old Fallacies and New Remedies', Oxford Institute of Economics Bulletin, 1970).

The most interesting new factor which has not been taken into account by the Tinbergen Report is the reported 'breakthrough' in agriculture as a result of the development of new seed-strains which under favourable circumstances can multiply agricultural output. I do not believe that it is as pervasive a breakthrough as the Pearson Report believes it to be(1). Yet, there has been a Green Revolution. There is no doubt that the Rockefeller and the Ford Foundations on the basis of a very small investment - less than 20 million dollars - have assisted scientific institutes to produce strains both of rice and of wheat which yield a multiple harvest. It should be said that at the moment they are restricted to certain regions where there is at least a minimum control over water supply and where consequently fertilizers and pesticides can be used without undue risk. We have seen similar developments before. The introduction of irrigation into the arid areas of India also produced sensational results. So did the great dams on the Nile for over a hundred years. The Ghezira scheme got off the ground in the Sudan, and the semi-bedouin peasant also produced cotton where it did not grow before. Sugar cane was never produced there at all, nor animal feeding stuff. The revolution wrought in the certain limited parts of the Sudan was also immense. This does not mean, of course, that the revolution happened all over the Sudan. If you travel two miles either side of the Nile, away from the Ghezira scheme, the age-old problems of the nomads and semi-nomads still exist but they can be coped with much more easily, much more readily now that the Ghezira scheme is there, yielding foreign exchange as it does with profitable participation for the government.

Still the present advance is perhaps of greater importance quantitatively. There is no doubt that in certain regions, as, for instance, in the case of rice, in Ceylon, Taiwan and parts of Pakistan and India, there has been an astonishing increase in output(2). The Pearson Committee thinks that this is the solution to the agricultural problem and also takes it as the final solution to the problem of getting development under way. While Professor Tinbergen still tries to calculate investment (or rather saving) and foreign exchange 'gaps' in a misleadingly simplist manner in order to show the 'need' for aid and alsc its 'effects', the Pearson Committee, with no more sophistication, extends the results so far obtained in limited areas all over the Third World and comes to the conclusion that did will not need to continue after the end of this century.

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(1) M. Pearson's Committee having to persuade conservative and sceptical Dutchmen and Germans had to make the most of their success in order to obtain consent for further aid to developing countries. They were visibly intent on minimizing the problems of the developing countries and maximizing the new opportunities opening for them. (cf. the Appendix for my review of the Jackson and Pearson Reports).

(2) Fascinatingly enough this has also been almost wholly neglected and brought in as an afterthought by the F.A.O. Indicative World Food Plan.

Now it is quite evident that the constraint of traditional agriculture was one of the main obstacles to balanced expansion. Its rigidity represents the bottleneck which only too often produces inflation and prevents a self-sustaining process of expansion. Industrial or urban expansion increases demand, agriculture cannot meet it. Growth is interrupted. In the absence of the agricultural bottleneck, the whole process would then take a very different pattern. With greater security of markets, greater production would then ensue. Decisive advances could be made in industrial production, which would assure an expanding market for agriculture. This would ensure that the terms of trade for agriculture would improve, which would again stimulate a further intensification of agriculture and the whole process would, from a vicious circle, turn into a virtuous circle.

The problem is, however, first of all, that, except at the cost of vast investment a further extension of the irrigated agricultural area is difficult in many regions. It is now impossible! A different type of approach might produce further important advances; large dams will perhaps no longer play the most important role. Success in the main might depend on small hydrological works. These can be cost effective and, though they are capital-intensive in operation, they can be labour-intensive in construction. This represents an immense advantage from the viewpoint of the Third World where the only reserve resource is unskilled, underemployed manpower.

Alas, small hydrological works are unglamorous. Their construction is difficult to organize. They need real zeal and leadership qualities of a very high order. Anybody who has been through the process of trying to persuade people, to persuade peasants, to collaborate in small hydrological works must know how difficult it is to get action. Moreover, this construction implies consolidating holdings because some peasants will have to give up some of their most fertile land for the purpose of the irrigation canals and possibly storage. Although the assured increase in crop enables compensation, the assurance of security to the highly suspicious peasants is a problem of immense complexity. Little progress has been made in this respect. In some parts of India, for instance, some of these small water-works (they are called tanks) are in worse condition now than they were at the liberation. There are very good reasons for this. Before Independence it was the Zamindar who kept up the tanks, in return for a compulsory contribution from the village. With the Zamindar gone, there is no means of ensuring that they are maintained. The peasants themselves have often not been able to replace them by their own co-operation.

These considerations suggest that the 'Green Revolution', the development of new seeds, the technocratic achievement, magnificent as it is, does not automatically provide a 'solution'. It could provide a solution if, and only if, the framework of traditional agriculture could be transformed on a large enough scale to allow the new techniques to be applied by the mass of the population. Otherwise, a tremendous social and political upheaval is almost unavoidable. If only the large landowner and the rich peasant can apply these

seeds, his income will rise even though the price of the produce will fall, as a result of the increase in the harvest (which, in a country with vast urban poor, will be a desirable consequence). The income of the small peasant will, however, actually fall, and, if the prosperity of the larger scale producers enabled them to mechanize production, the misery of the landless workers (already living near the bare subsistence minimum) will be intensified. A more certain formula for stimulating a rural revolutionary movement on a Chinese Maoist model can hardly be imagined.

If Pearson has hardly begun to visualize these urgent problems, Tinbergen completely ignores them. This is a point which I want to emphasize. The most peculiar feature of the Tinbergen Report is that the annual rate of increase in agriculture has been put at too low a figure. Although it is slightly higher than all non-agricultural sectors taken together, it is, on the whole lower than the growth of manufactures. This, in my opinion, means that the problems now facing the world have not been properly digested. The models completely ignore the question of what sorts of problems the Green Revolution poses and what should be our response to them. As we have seen, it will exacerbate inequality both within the rural regions and as between different rural regions; some regions will be able to make use of the Green Revolution, while others will not. Consequently, both the inter-regional and the intra-regional class differences will very rapidly increase. The rich will become considerably richer, but without being able to provide increased employment opportunities for the poor. This is one of the gravest problems now facing us as we are now witnessing in India, where the small peasants' and the landless workers' violence is already increasing.

Models such as Professor Tinbergen produced seem completely irrelevant to reality. Projections based on fixed capital-output ratios used as operational decision-making devices are completely useless. Yet these indefatigable econometricians continue to churn out their misleading stuff and seem to take in administrative innocents who ought to know better.

What are we to do, confronted with these desperate problems yet in a better potential position to cope with and eventually banish hunger, destitution, illness and misery? It seems obvious that only intelligently drawn plans, taking the individual problems of continents, sub-continents, countries and their regions into account, and backed by the formidable economic strength of the multilateral and bilateral aid agencies will be able to help us to cope with the population explosion, the paramount of all our problems; to transform traditional agriculture without causing a revolutionary storm in the countryside and set the Third World on the way of industrial development.

We must produce intelligently drawn-up plans for individual countries taking into account the regional complexities and (sub)-continental requirements whose importance has been vastly increased by the process of colonization which - especially in Africa - tore tribal, geographic and economic units and ties apart in the breathless race for territorial aggrandizement. All this is easier said than done. Even where the Western democratic processes with their Dutch-auction type of cumulative promises of easier and lusher life (all

militating against the maintenance of investment, however essential) have been liquidated, the pressure of the growing needs and faster growing expectations of a rapidly rising population is not easy to disregard. Beyond that there is the problem of the domestic availability of technical skill and factual knowledge; and still more immediately important, the problem of how to provide from outside some of that skill and some resources for a start.

One of the obstacles lies undoubtedly in the fact that (apart from the International Bank and even that institution started its work in helping European reconstruction) the multilateral agencies of the U.N. family of organizations were not really created to deal with the problem of Development Planning. This is obvious in the case of the I.L.O. established after the First War. It was established by M. Thomas, a French Socialist, to force the international legal acceptance of Trade Unions. From the viewpoint of the employers in 'high wage' countries its attractiveness lay in preventing 'cheap' labour dumping. In this also they were supported by the Unions as they were in outlawing 'forced labour' for any purpose other than defence. Thus the tripartite organization suited everybody in <u>developed</u> areas with strong Trade Unions. It was unacceptable to the U.S. until Roosevelt forced the recognition of unions by legislative fiat. For countries whose only advantage is in cheap (if mostly very inexpert) labour, whose ultimate development depends on the expansion of industry, where social structure is riven between an (exploiting) high standard urban and an (exploited) miserable rural sector, the introduction without due qualification of rules evolved for a different epoch and economic state is a positive and deadly hindrance.

A fundamental rethinking is in order but not likely to be forthcoming. Indeed while the I.L.O. has lately accepted the need for planning for increased employment it has set out to implement this on its own - as if employment could be planned without evolving a general plan for which it has no competence. The F.A.O. too, though it was established at the end of the Second War was conceived to deal with problems of primary interest to high standard countries, to prevent a catastrophic deterioration of the position of the <u>modern</u> farmer such as had occurred in the 1920's. It was not fashioned to deal with the problem of transforming traditional agriculture. Nor was Unesco primarily an agency to provide suitable education for the rural masses (which is a very different thing from fighting against illiteracy in the best classical fashion). Had the founding Fathers thought of a rapid development of the Third World, the accelerated mitigation of inequality as the primary task of these agencies (as it has lately undoubtedly become) they would surely have provided for a <u>single</u> agency instead of founding a dozen or more new ones, and incorporating technical agencies which have little or nothing to do with development but are most useful (like the Postal Union or the Meteorological or Civil Aviation or Maritime Safety Agency), indeed indispensable in providing or regulating certain services needed by all. The fundamental difference between, say, the Postal Union and F.A.O. is that the former can without any harm to anybody do its business, while F.A.O.'s advice, if based - as it is more often than not - on technocratic considerations alone, without due socio-economic knowledge, might

be harmful for development as such. In order that the F.A.O., Unesco, I.L.O. and U.N.I.D.O. should be effective, their activity must be co-ordinated, orchestrated so to speak, so that the time and intensity-pattern of total activity should exert the maximum possible effect on the recipient community.

At this point, I am afraid, we are confronted with the particularistic, centrifugal empire-building attitudes of Unesco and I.L.O. When I look at these very interesting papers, they are full of suggestions with which I am much in agreement, as for instance, 'the mobilization of resources to galvanize the energies of individuals and groups so that they can tackle the obstacles to development on as big a scale as possible'. 'Allons enfants de la patrie ...'. But in fact one finds that the sociological difficulties, and especially the vitally important - indeed, in my opinion, fundamental - problem of educational planning, have not been tackled here nor has the problem of how to organize public works on a large scale. If you want to reduce the probability of feudal-type tensions developing in former tribal and small peasant areas (which will certainly be forced upon them by the enromous pressure of the Green Revolution) the obvious solution is to create co-operatives. Of course, it is very nice to say: 'let's get up and mobilize co-operatives'. We know how difficult it is to find able and honest organizers and secretaries, how often the 'Co-op' is run by the feudal or tribal chiefs mostly to their own or their families' benefit. This is the truth and it must be tackled; unless we can admit these difficulties openly the problem cannot and will not be solved.

The other two problems concern training and the supply of credit. If the Green Revolution is not to produce a potentially explosive social situation, some countervailing force must be provided to meet it; however, we do not even have the beginnings of one. Madame Ghandi has now taken over the banks; whether or not this was popular, it was an absolute necessity, especially for the rural areas. But this must be followed up by an enormous campaign of education to make up the number of agents. Even if you have one agent for extension work to every ten villages, this would mean, in India, that some 50,000 people have to be trained. In Africa the situation is slightly better on account of the smaller density; but this itself poses terribly hard problems, because the area to be covered is enormous, and the sub-structure needed would make the whole affair very top-heavy and capital-intensive instead of being labour-intensive on a big scale. Such are the real problems, the treatment of which I miss in these reports, with due respect to Professor Tinbergen; neither his mathematical pseudo-exactitude, nor the well meant optimism of Mr. Pearson give one confidence that the tremendous obstacles in the way of harmony, equality and prosperity have been realized by the establishment.

I also miss the interpretation of what we want to do. To look at the Development Decade mainly in terms of growthmanship is surely not enough. A balance must be achieved between how much we want to pay for growth in terms of what we want to use the resources for which will have been created by growth. Certainly, I am aware of the soothing rationalization of economists in this respect; increased choice, fulfilment of long experienced needs. When one

looks at some of the urban areas of the new capital cities and the surrounding slums, and the slum of the bush, one would like to know a bit more. To grow in order to grow is not enough. It will certainly not be enough in vast areas if growth means the vast and pervasive increase in inequality. It would be politically wiser to have a better idea for what we want to have the growth and then discuss the problem of whether and how the ends agreed upon necessitate a modification of our ambitions for growth itself. We do not just want to grow statistically. We would use the resources created as a means to something else. A certain amount of social tension will be, in any case, inevitable because we shall, in the best of cases, lag rather stupidly behind events. We can't anticipate events; we are not clever enough for that. But, if we don't even consider what the problems are which we are being faced with, this is, to me, the gravest possible difficulty.

Let me sum up. I think that, on the whole, we have not done too badly in the First Development Decade. We could have done a lot more but we could have done a lot worse too. Most of the problems have arisen, in my opinion, from two things: the first is that liberation did not take place under very favourable circumstances; favourable that is from the viewpoint of growth. Certainly it took place very favourably from the point of view of avoiding bloodshed, given the enormous revolution in power relationships, with the fall of every empire except the Portuguese. I should have thought the amount of suffering due to this change-over was very mild, relatively speaking, though not negligible. The bloodshed in Nigeria, Indonesia and elsewhere should keep us from being too self-congratulatory or glib about it. But, on the whole, liberation was not too badly managed. More disturbing is that we have nurtured exaggerated hopes about what can be achieved by aid. Some of the donor countries have therefore become unnesessarily disenchanted. The Pearson Report has gone some way to remedy this by emphasizing very rightly the achievements. It is not a very deep analysis: it is a persuasive document and at the moment we need a conventional persuasive document more than anything to persuade the new rich like the Germans or the conservative Dutch, who are very well-placed in financial matters, that they are not going to lose by giving further aid.

As to the planning processes, I sincerely hope that, with the Jackson Report, we shall approach a new era of more conscious and more purposive planning. The Jackson Report says that aid should be assigned by a central planning agency on the basis of country level plans. This seems sensible. Nobody until now has been able really to coordinate the various agencies. And as long as multilateral aid was small there was no pressing need for it. Such coordination as there was, was performed by the recipient countries, through their requests. The inevitable consequence was that the weakest countries who needed aid most were those where aid was least well managed. Indeed the competition between agencies inevitably led to wasteful expenditure. How could the average

recipient country without technical assistance work out priorities. The answer is that it cannot. We have to think in terms of young administrations which are expanding at a tremendous rate, which are modernizing the country and which are thus confronted with manning up the most modern institutions in social, economic and educational life. I do not believe that they can be called upon to make a rational and satisfactory plan themselves. Therefore somebody else has to perform this task in collaboration with them. The recipient countries have to make all political decisions. The ends cannot be settled centrally, they involve the life of the national and only the political leaders and the democratic movements in the countries themselves can really decide about them. It is the means to those ends in which they need help. But, I must say, once they are decided, the problems and the difficulties which arise ought not be swept under the carpet and if I have perhaps succeeded in irritating you a little to think about these things I shall be well pleased.